

REICH, ADELL, CROST & CVITAN

A PROFESSIONAL LAW CORPORATION

3550 WILSHIRE BOULEVARD, SUITE 2000
LOS ANGELES, CALIFORNIA 90010
TEL (213) 386-3860 • FAX (213) 386-5583
www.racclaw.com

HIRSCH ADELL
PAUL CROST
ALEXANDER B. CVITAN
MARIANNE REINHOLD
J. DAVID SACKMAN
LAURENCE S. ZAKSON

OF COUNSEL
GEORGE A. PAPPY
STEVEN T. NUTTER

MARSHAM M. HAMASAKI
NEELAM CHANDNA
CARLOS R. PEREZ
DEBRA S. GOLDBERG
PETER A. HUTCHINSON
ANDREW BIRNBAUM
WILLIAM Y. SHEH

JULIUS MEL REICH
(1933 - 2000)

December 8, 2006

VIA FACSIMILE & OVERNIGHT DELIVERY

(916) 322-6440

Hon. Liane M. Randolph, Commission Chair
Luisa Menchaca, Esq., General Counsel
Fair Political Practices Commission
428 J Street, Suite 800
Sacramento, CA 95814

Re: Proposal for Regulation on Required Bank Accounts
Proposed 2 C.C.R. Section 18534

Dear Chairwoman Randolph and Ms. Menchaca:

This law firm is counsel to the Los Angeles County Democratic Central Committee, also known as the Los Angeles County Democratic Party (LACDP).

The LACDP has reviewed the proposal to require committees, including party committees, to maintain separate restricted and unrestricted accounts and wishes to comment on two aspects of the proposal.

- 1 The LACDP currently maintains two such accounts for its own internal accounting reasons, and understands that many other political committees do likewise. Nevertheless, the LACDP also understands that imposing such a requirement on small committees, such as Democratic Party clubs, which generally operate on a shoestring and have very small balances for large parts of the year, is problematic as the maintenance of two accounts is time-consuming for such small committees' typically volunteer treasurers and may result in additional bank fees and other costs that these committees can ill afford. For this reason, if the Commission chooses to adopt a two bank account rule (an issue as to which the LACDP takes no position), the LACDP strongly encourages the Commission to create an exemption from this requirement for small committees. While the LACDP believes that there are a variety of ways to define a small committee which would suffice in this context, the LACDP suggests that those committees which never collect \$25,000 in a calendar year (and, thus, do not need to file an IRS Form 8871) are the type of committee which would be most adversely affected by the proposal and, therefore, are the type

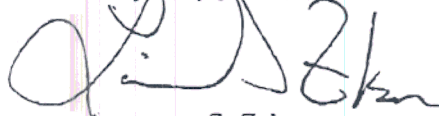
Hon. Liane M. Randolph
December 8, 2006
Page 2

of committee which should be excluded from this rule.

2. In the absence of a statutory mandate, the LACDP believes it inappropriate for the Commission to establish a window, especially a short 14-day window, for the transfer of funds from a "restricted use" account to an "all purpose" account. Rather, so long as a committee is able to document that the funds transferred do not run afoul of the contribution limits, such transfers should be allowed at any time. Accordingly, LACDP respectfully suggests that the final sentence of proposed subsection c of the proposed regulation (2 C.C.R. Section 18534) be deleted in its entirety and that the reference to the 14-day period be deleted from the second sentence in that subsection.

On behalf of the LACDP, I thank you for your consideration of these comments in your deliberations concerning this important matter.

Very truly yours,



Laurence S. Zakson
of REICH, ADELL, CROST & CVITAN

LSZ/caw

cc Commissioner Philp Blair
Commissioner Sheridan Downey, III
Commissioner A. Eugene Huguenin, Jr.
Commissioner Ray Remy
Eric C. Bauman, Chairman, LACDP